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LANSING

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DIRECTOR'S OFFICE MEMORANDUM 2013 - 22

EFFECTIVE: January 1, 2013

DATE: December 13, 2012

TO: Executive Policy Team
Administrative Management Team
Wardens

FROM: Daniel H. Heyns, Director

SUBJECT: Michigan Sales Tax on Prisoner Personal Property

SUPERSEDES DOM 2012 - 28 (effective 6/21/12)

Public Act 126 of 2012 required prisoners to pay Michigan sales tax on personal property they purchase beginning October 1, 2012, subject to some limitations (e.g., food items; postage; identification cards, debit card, music downloads). This includes purchases by the Prisoner Benefit Fund. Taxable items include but are not limited to the following:

1. All items sold by or through a prisoner store except for those items identified as non-taxable on the Standardized Store List (Attachment A to PD 04.02.130 "Prisoner Store").
2. Purchases from catalog vendors.

To implement the statutory change, all vendors who sell taxable property directly to prisoners must agree in writing to collect the required sales tax unless an exception is granted by the Administrator of the Bureau of Fiscal Management (BFM) or designee. In addition, the following policy changes were implemented beginning October 1, 2012:

1. Legal-sized envelopes and carbon paper for litigation as required by PD 05.03.118 "Prisoner Mail", padlocks, and footlockers for allowable excess legal property which are purchased by a prisoner with loaned funds are taxable at the time of "sale" to the prisoner. Except for footlockers, funds for the purchase of these items are currently loaned by the appropriate Prisoner Benefit Fund. Funds for the purchase of these footlockers also shall be loaned by the appropriate Prisoner Benefit Fund. The debt for these items shall include the applicable sales tax. The tax itself must be remitted to the State at the time of sale, not when the debt is collected.
2. Pursuant to PD 04.02.105 "Prisoner Funds", all funds received by a prisoner are used to satisfy his/her debts except as specifically stated in that policy. One of the exceptions in PD 04.02.105 is for those

cases where it would leave the prisoner with less than \$10.00 available during the month for personal use, unless otherwise ordered by the court. Due to changes in prisoner indigency criteria which went into effect October 1, 2012 and are now set forth in PD 04.02.120 "Indigent Prisoners", the \$10.00 limit in PD 04.02.105 is increased to \$11.00.

3. Attachments A - C of PD 04.07.112 "Prisoner Personal Property" set forth the maximum value of consumable and expendable property that a prisoner may accumulate. For clarification purposes, the identified values do not include sales tax.